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Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, DC 20554

JAN - 9 1998

FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF THE SECRETARY

In the Matter of)
)
 Amendment of the Commission's)
 Rules Regarding Installment Payment)
 Financing For Personal Communications)
 Services (PCS) Licensees)
)

ORIGINAL

WT Docket No. 97-82

REPLY TO PETITIONS FOR RECONSIDERATION

PCS Plus, LLC and McKenzie Telecommunications Group, Inc. (PCS Plus/MTG) have reviewed the Petitions for Reconsideration in this docket, as well as the record of the proceeding in its entirety, as it has developed. It is notable that 31 petitioners concluded that the Federal Communications Commission's (FCC or Commission's) *Restructuring Order* dated September 25, 1997 did not offer commercially reasonable solutions in the way that it approached the challenges of the C-Block, while a small handful only supported the Commission's decision¹ or wanted to narrow it.²

¹ See Comments of Cook Inlet Region, Inc., WT Docket 97-82, (November 24, 1997); Comments of Omnipoint Corporation, WT Docket 97-82, (November 24, 1997); Comments of Sprint Corporation, WT Docket 97-82, (November 24, 1997).

PCS Plus and MTG are woman-owned small businesses. PCS Plus, LLC won the following franchises in the C block auction: Farmington, New Mexico-Durango, Colorado (Market B139C); Gallup, New Mexico (Market B162C); Harrison, Arkansas (Market B182C); Hot Spring, Arkansas (Market B193C); Russellville, Arkansas (Market B387C); and St. George, Utah (Market B392C). MTG, Inc. is a turnkey wireless system development company whose client list includes Magnacom, WebTel, Pocket Communications, Mountain Solutions, NextWave, AT&T Wireless, Sprint PCS, PrimeCo, US West, Pacific Bell Mobile Services and others. On behalf of the C block licensees, our companies are working very hard to build out these franchises and we have already made very substantial progress in engineering our networks.

As a service provider and licensee, PCS Plus/MTG is in the trenches with many other and C block licensees small businesses that are working very hard to bring forward the dream of competition that Congress and the FCC wished to foster. One example, is that we have made real progress toward our plan to bring universal service to rural areas on Indian reservations through the use of several C block proposed systems. An idea such as this can never be realized unless the C block debt is restructured and financing is made more readily available.

By way of background, I was honored by President Clinton this past year when I was named "Arizona Small Business Person of the Year." Speaking for my own small businesses, our continued success relies heavily upon the success of the C block licensees. In that regard, I have been asked to be the spokeswoman for a group of Arizona telecommunication resellers, contractors, vendors and suppliers who have been severely

² PCS Plus/MTG does not know how to categorize the Omnipoint Petition that appears to support further

impacted by the lack of support of entrepreneurs' block licensees shown by the FCC and the American financial community. We currently have over 1,000 families on our list who have been negatively impacted as a result of buildout plans being delayed by at least seven of the largest C band licensees. These negative impacts have already resulted in thousands of Americans across the nation who have lost their jobs. As you know, this has a domino effect on the economic situation of any city, state or nation. This will only get worse if the C block licensees fail.

MTG would like to support the FCC adopting more realistic C block solutions on reconsideration. These solutions should include credit of down payments under any option and reconsideration to permit a very limited (3-year) deferral, permitted by the Commission's rule 1.2110(e) but dismissed in two paragraphs of the *Restructuring Order*. We would also like to point out that these changes are fully consistent with the goal of achieving auction integrity.

Auction integrity is a good goal. Auctions, if fairly managed as part of a comprehensive government spectrum management policy, give new entrants such as MTG a chance to enter the market on an equal footing. However, the concept of auction integrity seems to have become the large incumbents' code word for "freeze the competition" in this proceeding.

Unfortunately for all concerned, the history of the C block is a series of trial and error lessons. It is with this perspective that "auction integrity" should be interpreted. First, the years and months prior to the auction itself was riddled with Commission-sponsored, constant adjustments to the rules, a court stay prompted by none other than

expansion of relief but only tailored to its own very specific situation.

Omnipoint, and a last minute wholesale change in the terms of auction engagement prompted by the Supreme Court's *Adarand* decision. Certainly, many of the minority and female bidders who spent years preparing under one set of assumptions never heard the Commissioners say, "a rule is a rule." Times changed; circumstances changed; and the bidders had to adjust.

Likewise, no bidder was prepared to see the value of its licenses undermined by the extraordinarily long C block licensing process. The first uncontested C block licenses were granted over four months after the auction ended. The entire A and B Block licensing process, involving numerous legal challenges, took the Wireless Bureau less time. We all found ourselves financing our franchises in a very different market from the one in which we had bid.

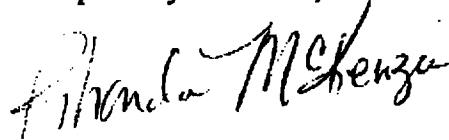
Finally, when Chairman Hundt and the other Commissioners and staff were holding seminars promoting the C block around the country, their intentions were very good. But no one then alerted us that spectrum auctions would become the all purpose budget cure-all. In 1996 the Congressional and Clinton Administration spectrum experiment took its ultimate turn with the 2.3 GHz Congressionally-mandated auction. Little wonder that spectrum values cratered.

So the history of the C block gives the words "Caveat Emptor" new meaning. The FCC is taking many steps and making many changes to the auction process, including stopping installment payment auctions, because of lessons learned by all along the way. The conditions here will never repeat themselves.

Therefore, to sum up, "auction integrity," a good thing, will in fact be promoted if fair, commercially reasonable options are provided to all C-Block participants. We should

be viewed, not as the speculators that incumbents would have us seen, but as well-intentioned victims of an experimental work in progress.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Rhonda McKenzie". The signature is written in dark ink and is positioned above the printed name and title.

Rhonda McKenzie
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